Statement by

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European Commission
The coronavirus outbreak has evolved into a global pandemic; it is a human tragedy and a health crisis with a huge economic impact. The virus does not discriminate between people and it does not know borders. This historic crisis therefore requires a fast, massive and coordinated global response. Our first and common priority should be to deal with the COVID-19 pandemic, to limit its impact on people and the economy, to draw lessons for the future, and to prepare our strategies for recovery. The necessary health and safety policy measures being adopted to stem the spread of the virus and the change in behaviour in the general public required by these measures are disrupting the global economy. The global economic outlook remains very uncertain as the outbreak and spread of the coronavirus COVID-19 has triggered a collapse in oil and commodity prices and financial market turmoil, affecting all, but even more so vulnerable and developing countries. Although the health crisis is intrinsically of a transitory nature, it has pushed the global economy into recession.

The EU is determined to do whatever it takes to effectively address the healthcare crisis and the economic challenge caused by the spread of coronavirus and to restore confidence and support a rapid recovery.

The EU has, as an immediate reaction, put together a set of forceful measures at national and EU level while setting a framework for further actions to respond to developments and to support the economic recovery.

On 8 April, the EU formulated its global response strategy and launched its “Team Europe” package to support partner countries in the fight against the coronavirus pandemic. The objective of the “Team Europe” approach is to combine resources from the EU, its Member States and European financial institutions, in particular the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

The Commission and the European Investment Bank have already pledged financial support amounting to EUR 15.6 billion from existing programmes. On 8 April, EU Development Ministers endorsed the “Team Europe” approach and underlined their commitment to contribute to this joint endeavour, which so far brings the combined EU and EU Member States contribution close to €20 billion, and will only keep growing.

The COVID-19 crisis calls for a coordinated global response and multilateral solutions to support vulnerable countries. The EU will focus in its “Team Europe” approach on (i) emergency response to the immediate health crisis, (ii) strengthen the partner countries’ health systems as well as research capacities and (iii) to activate the economic recovery by providing liquidity to public and private actors to protect jobs and income for vulnerable people.
Promoting forms of debt relief should be an integral part of the solution. In this respect, we welcome the World Bank and IMF Call to Action, as well as mobilisation of existing emergency financing facilities of the International Monetary Fund (IMF) including the Rapid Credit Facility and the Rapid Financing Instrument and the IMF Catastrophe Containment and Relief Trust to swiftly deliver the appropriate international financial assistance to cope with the challenges, including liquidity and debt-relief measures. The Commission, which is the largest grant budget support provider in the world, calls for a reinvigorated international coordination on macro-economic support to COVID-19 response strategies at country level.

This is an unprecedented global crisis and it’s paramount we focus on multilateral solutions. The Commission supports the efforts of the United Nations, the World Bank and the IMF to set up a coordinated international response. We very much welcome the G20 Leaders statement on 26 March, as well as ensuing discussion by G20 Finance, Health, Trade and Investment Ministers as well as respective Working Group on the G20 Action Plan. Responding to the call of G20 leaders’ statement, the Commission has offered to set up an international online pledging event to support adequate funding to develop and deploy a vaccine against COVID-19, accessible also to vulnerable countries.

The EU also welcomes the World Bank’s early and rapid USD 14 billion COVID-19 Response package and IMF making available USD 50 billion in rapid-disbursing emergency financing facilities for low income and emerging market countries. We appreciate the Bank’s openness to dialogue and want to ensure that this substantial effort is deployed in partnership at global and at country level in the immediate response and in our collective strategy to shorten the time for recovery, notably through the Bank’s proposal to deploy a further USD 160 billion over the next 15 months.

Besides the World Bank Group mobilisation of the IFC, IBRD, MIGA and IDA firepower, the EU is eager to learn of the World Bank’s strategy of mobilising and reorienting its Trust Funds that represent a substantial part of activities, and how we can ensure smart and coordinated usage of Financial Intermediary Funds some of which are directly relevant for the COVID-19 responses.

Beyond the ongoing crisis response, we are working on all the necessary measures to help the economy recover and to go back to sustainable and inclusive growth once the coronavirus has receded. The crisis offers an opportunity to make a shift. Climate change is a global challenge requiring a coordinated global response. Its economic consequences are being felt and the cost of inaction is increasing, as is the risk of insufficient action. The European Green Deal and its Investment Plan, as well as the upcoming sustainable finance strategy can play an important role in accelerating the recovery from the severe negative economic shock caused by the current health emergency.